

RHODE ISLAND COMMERCE CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

February 27, 2017

The Board of Directors of the Rhode Island Commerce Corporation (the “Corporation”) met on February 27, 2017, in Public Session, beginning at 5:00 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908, pursuant to the public notice of meeting, a copy of which is attached hereto as Exhibit A, as required by applicable Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Gina M. Raimondo, Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O’Hanley, Donna Sams, and Karl Wadensten.

Directors absent were: Bernard V. Buonanno III, George Knee, and Vanessa Toledo-Vickers

Also present were: Secretary of Commerce Stefan Pryor, Darin Early and Thomas Carlotto, Esq.

1. CALL TO ORDER AND OPENING REMARKS

Governor Raimondo called the meeting to order at 5:07 p.m., indicating that a quorum was present.

2. TO CONSIDER FOR APPROVAL THE PUBLIC SESSION MINUTES FOR THE MEETING HELD ON JANUARY 23, 2017.

Upon motion duly made by Ms. Carriuolo and seconded by Mr. Wadensten, the following vote was adopted:

VOTED: To approve the Public Session minutes for the meeting held January 23, 2017 as presented to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Mary Jo Kaplan, Jason Kelly, Michael F. McNally, Ronald O'Hanley, Donna Sams, and Karl Wadensten.

Voting against the foregoing were: none.

3. TO CONSIDER THE SELECTION OF VENDORS IN RELATION TO TOURISM, PUBLIC RELATIONS AND/OR ADVERTISING.

Mr. Early abstained from discussion of this agenda item.

Ms. Lovejoy and Mr. Hebert entered the meeting.

Ms. Salamano stated that over the past seven months, the Corporation has created a foundation for its marketing strategies by increasing its marketing team. Ms. Salamano explained that the marketing efforts by the Corporation have been successful; for instance, the number of unique visitors to the Corporation's website has increased by 400%. Ms. Salamano stated that a few months ago, she spoke to the Board regarding building a tourism website. She explained that in November of 2016, the Corporation solicited Request for Proposals ("RFPs") in connection with the tourism and business attraction. Ms. Salamano explained that to assist in reviewing the submitted proposals, the Corporation formed two advisory committees, which consisted of members from the Executive Office of Commerce, the Corporation, the Chambers of Commerce, and the individuals from private sector. She indicated that from that the recommendation is to engage four companies to the Board for approval: Nail Communications ("Nail"); MMGY Global ("MMGY"); RDW Group ("RDW"); and Havas Media Group ("Havas").

Ms. Salamano stated that Nail will assist the Corporation with its business attraction and tourism marketing campaigns. She gave an overview of Nail's prior marketing campaigns, which included, among others, the Providence Journal and Lifespan. She also highlighted a few of Nail's current clients, including New Balance. Ms. Salamano explained that Nail's marketing process is focused around strategic planning, which assists with creative development and meeting the goals of the tourism and business attraction marketing campaigns.

Ms. Salamano stated that MMGY is headquartered in New York City, but has a satellite office in Boston, Massachusetts. She explained that MMGY will assist with the public relations portion of the Corporation's tourism campaign. She stated that MMGY has thirty-five years of experience in tourism marketing, has research-driven marketing techniques, and is known for their integrated approach with social media. Ms. Salamano indicated that MMGY's efforts will be tied to specified metrics, which will assist in evaluating the marketing campaign's effect.

Ms. Salamano indicated that RDW will assist the Corporation with its strategic planning media as well as paid media execution. She noted several of RDW's clients, including GTech and Ross Simon. She explained that RDW is familiar with the local and national tourism market and that its marketing is metric driven, which will help understand the marketing campaign's effects.

Ms. Salamano explained that Havas will assist the Corporation with its business attraction marketing. She indicated that Havas was previously retained by the State and assisted the State in achieving 104 placements in newspapers and magazines such as the New York Times and Crain's, which resulted in \$2.34 million in advertising value equivalent.

Ms. Salamano stated that the cumulative cost of the marketing

campaign will be \$4.29 million and the marketing campaign's minimum expected return on investment of \$7.76 million is based upon a 4:1 ratio. She noted that she anticipates the ratio to be nearer to a 6:1 ratio.

Ms. Kaplan questioned the logistics of coordination between the agencies, and Ms. Salamano stated that she will implement a process-oriented structure where the agencies can share new and old research on tourism trends.

Ms. Carriuolo inquired into which social media outlet is most impactful, and Ms. Salamano responded that Facebook is very impactful because the State has over 140,000 followers on Facebook.

Ms. Sams expressed her concern that the Corporation should outline accountability for each marketing firm.

In response to a question by Mr. Hebert, Ms. Salamano stated that the timeline for the marketing campaigns is under development and that she believes the greatest opportunity for marketing will be in the Fall.

Ms. Lovejoy stated that it is important that the Corporation coordinate with different regions so that there is commonality among marketing campaigns in the State.

Jeremy Crisp, the owner of Nail, was present and remarked that he was excited to market on behalf of Nail's home state.

Mr. Wadensten expressed his concern that the coordination meetings will be costly and consume most of the budgeted funds. Ms. Salamano responded that she will create a strategic plan to keep the campaigns moving forward and that agencies have coordinated on many occasions. In response to another question by Mr. Wadensten, Ms. Salamano stated that Havas' marketing was very impactful in prior years.

Mr. McNally questioned why the budget was divided 80/20 with the majority of the funds earmarked for tourism marketing. Secretary Pryor indicated that such structure was before the General Assembly when the budget was presented. Governor Raimondo commented that tourism can have a substantial effect on business attraction. Secretary Pryor noted that the Greater Providence Chamber of Commerce has raised over \$1 million in funds, which will be deployed in relation to business attraction marketing campaigns.

Upon motion duly made by Mr. O'Hanley and seconded by Ms. Kaplan, the following vote was adopted:

VOTED: To approve the selection of vendors to perform advertising, public relations, paid media and related services in relation to tourism

and business attraction pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna Sams, and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the Resolution is attached hereto as Exhibit B.

A copy of the PowerPoint presentation is attached hereto as Exhibit C.

4. TO RECEIVE AN UPDATE IN RELATION TO THE RENEWABLE ENERGY FUND.

Ms. Annie Ratanasim, program manager of the Renewable Energy Fund ("REF"), gave an overview of the two main programs of REF (the Small Scale program and the Commercial Scale program). She stated that systems with ten kilowatts or less qualify as Small Scale, which typically includes residential, small businesses, and nonprofits. She explained that if the system is over ten kilowatts, then it qualifies for Commercial Scale, which typically includes institutions, commercial properties, municipal and state buildings.

Ms. Ratanasim stated that REF committed \$268,000 to the Small Scale program from July 5, 2016 to September 23, 2016, and an additional \$396,000 from October 3, 2016 to December 31, 2016. Ms. Ratanasim stated that in total, REF committed \$637,000 to the Small Scale program since July 5, 2016.

Ms. Ratanasim further stated that REF committed \$3 million to the Commercial Scale program from July 5, 2016 to September 23, 2016, and an additional \$869,000 from October 3, 2016 to December 31, 2016. Ms. Ratanasim stated that in total, REF committed \$3.8 million to the Commercial Scale program since July 5, 2016.

Ms. Ratanasim explained that since 2013, REF has committed \$5 million in funds to the Small Scale program and \$14 million to the Commercial Scale program, which cumulatively total \$19 million of committed funds for 905 projects. She indicated that there is a balance of \$400,000 in funds that are currently uncommitted.

In response to questions by Mr. Wadensten, Ms. Ratanasim explained that the program is funded through tax receipts, which total approximately \$2.2 million annually and that the nine 905 projects include completed and uncompleted projects.

A copy of the PowerPoint is attached hereto as Exhibit D.

5. TO CONSIDER A DELEGATION OF AUTHORITY IN RELATION TO

AWARDS AUTHORIZED BY THE AIRPORT SERVICE DEVELOPMENT COUNCIL.

Mr. Nick Autiello explained that the Air Service Development Council (“the Council”) is requesting that the Corporation delegate to the Corporation’s staff authority to confirm awards that the Council makes. Mr. Early explained that the Board will receive updates, from time to time, on the Council and the awards that the Council makes.

Upon motion duly made by Mr. O’Hanley and seconded by Mr. Hebert, the following vote was adopted:

VOTED: To approve the delegation of authority in relation to awards authorized by the Airport Service Development Council, pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O’Hanley, Donna Sams, and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the Resolution is attached hereto as Exhibit E.

6. TO CONSIDER THE APPLICATION OF SAT DEVELOPMENT, LLC FOR INCENTIVES UNDER THE REBUILD RHODE ISLAND TAX

CREDIT PROGRAM AND THE TAX INCREMENT FINANCING PROGRAM.

Mr. Saglio stated that Jim Roiter, principal of SAT Development, LLC (“SAT”), is planning a ground-up, mixed-use development in Bristol, Rhode Island that will produce twenty four (24) residential units and have commercial space to accommodate the restaurant Providence Coal Fire Pizza. He indicated that the anticipated cost of the project is \$9.5 million, and that the Corporation is recommending that SAT be awarded \$950,000 in Rebuild Rhode Island tax credits, \$600,000 in Tax Increment Financing incentives, and \$166,000 in sales tax rebates.

Mr. Saglio stated that the project will increase the Corporation’s portfolio’s geographic diversity as the project is outside the Providence metropolitan area. Mr. McNally stated that the project is good for downtown Bristol; however, it does not create many jobs.

In response to a question by Mr. Wadensten, Mr. Early stated that the Corporation has committed approximately \$56 million of the \$100 million Rebuild Rhode Island tax credit fund to residential projects. Secretary Pryor commended the Investment Committee on its due diligence in reviewing the project.

Upon motion duly made by Mr. Hebert and seconded by Mr. O’Hanley, the following vote was adopted:

VOTED: To approve SAT Development, LLC for incentives under the Tax Increment Financing Act and the Rebuild Rhode Island Tax Credit Act pursuant to the Resolutions presented to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna Sams, and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the Resolution is attached hereto as Exhibit F.

7. TO CONSIDER THE APPLICATION OF UNITED NATURAL FOODS, INC. ("UNFI") FOR INCENTIVES UNDER THE QUALIFIED JOBS INCENTIVE TAX CREDIT PROGRAM.

Mr. Saglio stated that UNFI is seeking to consolidate locations after it engaged in a series of acquisitions. He stated that UNFI has committed to relocating to Rhode Island and creating 100 jobs in 2018 and 150 jobs in 2020. He further explained that if UNFI meets certain milestones above the 150 job requirement, they will be eligible for additional tax incentives. Mr. Saglio stated that depending upon the number of employees that UNFI hires, the value of the Qualified Jobs incentive will range between \$1.9 million and \$3.1 million. Mr. Saglio

also stated that the Corporation's staff is requesting that the Board approve an exemption to the AMI requirement as UNFI is engaged in distribution, which is an Economically Fragile Industry. Mr. Saglio stated that the anticipated median wage of UNFI's new employees is \$33,530 per year.

Mr. McNally expressed his approval of the deal. He observed that such incentives cost the State nothing. Mr. Saglio stated that UNFI was looking at other locations, but decided to relocate to Rhode Island.

8. TO CONSIDER THE APPLICATION OF AGODA TRAVEL OPERATIONS FOR INCENTIVES UNDER THE REBUILD RHODE ISLAND TAX CREDIT PROGRAM AND THE QUALIFIED JOBS INCENTIVE TAX CREDIT PROGRAM

Mr. Saglio stated that Agoda Travel Operations ("Agoda") is a Singapore-based subsidiary of Priceline and a fast-growing hotel booking website that is looking establish a customer experience center in a North American location. Mr. Saglio explained that Agoda has committed to relocating to Rhode Island and hiring 200 employees with a median salary of \$39,500, which will yield approximately \$3.1 million in Qualified Jobs incentives. Mr. Saglio stated that to support 200 new jobs, Agoda is contributing \$5 million to the build out of office space. Mr. Saglio concluded that the Corporation's staff is recommending an additional incentive under

the Rebuild Rhode Island Tax Credit program in an amount of approximately \$1 million. He indicated that the Qualified Jobs and Rebuild Rhode Island incentives total approximately \$4.1 million.

9. TO CONSIDER THE APPROVAL OF EXECUTIVE SESSION MINUTES

Upon motion duly made by Mr. Hebert and seconded by Mr. O'Hanley, the following vote was adopted:

VOTED: To enter into executive session pursuant to RI Gen. Laws §§ 42-46-5(a)(2) and 42-46-5(a)(7) to consider Agenda items 7, 8 and 9.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna Sams, and Karl Wadensten.

Voting against the foregoing were: none.

Members of the Board, staff, and counsel entered into executive session at 5:53 p.m.

Members of the Board, staff, and counsel returned to public session at 6:10 p.m.

Upon entering Public Session, Attorney Carlotto stated that in the Executive Session, the Board voted to approve executive session minutes.

Upon motion duly made by Ms. Sams and seconded by Mr. McNally, the following vote was adopted:

VOTED: To approve United Natural Foods, Inc. for an award of incentives under the Qualified Jobs Incentive Tax Credit Act pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna Sams, and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the Resolution is attached hereto as Exhibit G.

Upon motion duly made by Mr. Wadensten and seconded by Mr. O'Hanley, the following vote was adopted:

VOTED: To approve Agoda Travel Operations for an award of incentives under the Rebuild Rhode Island Tax Credit Act and the Qualified Jobs Incentive Act pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F.

McNally, Ronald O'Hanley, Donna Sams, and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the Resolution is attached hereto as Exhibit H.

Upon motion duly made by Mr. O'Hanley and seconded by Mr. Hebert, the following vote was adopted:

VOTED: To seal the minutes of the Executive Session.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna Sams, and Karl Wadensten.

Voting against the foregoing were: none.

There being no further business in Public Session, the meeting was adjourned by unanimous consent at 6:11 p.m., upon motion made by Mr. Wadensten and seconded by Ms. Kaplan.

Thomas Carlotto, Secretary